

AMENDED IN ASSEMBLY MARCH 16, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 58

Introduced by Assembly Member Galgiani

December 6, 2010

An act to amend ~~Section 185024 of~~ *Sections 185024 and 185035 of,* and to add *Section 185032.1 to,* the Public Utilities Code, relating to high-speed rail, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 58, as amended, Galgiani. High-speed rail.

Existing

(1) *Existing* law, the California High-Speed Rail Act, creates the High-Speed Rail Authority to develop and implement a high-speed rail system in the state, with specified powers and duties. Existing law, pursuant to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, approved by the voters as Proposition 1A at the November 4, 2008, general election, provides for the issuance of \$9.95 billion in general obligation bonds for high-speed rail and related purposes. Existing law provides for appointment of an executive director by the authority, who is exempt from civil service and serves at the pleasure of the authority.

~~This bill would authorize the Governor to appoint up to 5 deputy directors exempt from civil service who would serve at the pleasure of the executive director.~~ *for purposes of managing and administering the ongoing work of the authority in implementing the high-speed train project, would authorize the Governor, upon the recommendation of the executive director, to appoint up to 6 additional authority officers,*

exempt from civil service, who would serve in specified positions at the pleasure of the executive director. The bill would require a salary survey to be conducted to determine the compensation for the executive director and additional exempt officers, and would require the salaries to be established by the authority and approved by the Department of Personnel Administration.

~~The federal American Recovery and Reinvestment Act of 2009 provides funding for allocation nationally to high-speed rail projects.~~

~~This bill would require the High-Speed Rail Authority, to the extent possible, to use the proceeds of bonds from the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to match federal funds made available from the American Recovery and Reinvestment Act of 2009.~~

(2) Existing law requires the High-Speed Rail Authority to establish an independent peer review group for the purpose of reviewing the authority's plans and issuing analyses of the authority's assumptions and the authority's funding plan for each corridor. Existing law requires the peer review group to consist of persons meeting specified requirements and to be designated by certain public officers.

This bill would require the initial designations to the peer group to be made by January 1, 2012. The bill would require the peer review group to designate a chairperson and would require the authority to designate a member of its staff to serve as a liaison to the peer review group. The bill would require members of the peer review group to receive specified per diem compensation and reimbursement for travel expenses.

The bill would require the authority to provide a specified progress report to the Legislature commencing March 1, 2012, and biennially thereafter.

~~This~~

(3) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 185024 of the Public Utilities Code is
2 amended to read:

1 185024. (a) The authority shall appoint an executive director,
2 *exempt from civil service*, who shall serve at the pleasure of the
3 authority, to administer the affairs of the authority as directed by
4 the authority.

5 (b) ~~The executive director is exempt from civil service and shall~~
6 ~~be paid a salary established by the authority and approved by the~~
7 ~~Department of Personnel Administration.~~ *For purposes of*
8 *managing and administering the ongoing work of the authority in*
9 *implementing the high-speed train project, the Governor, upon*
10 *the recommendation of the executive director, may appoint up to*
11 *six additional officers, exempt from civil service, who shall serve*
12 *at the pleasure of the executive director. Pursuant to this*
13 *subdivision, the Governor may appoint persons only for the*
14 *following positions:*

15 (1) *Chief program manager.*

16 (2) *Regional director.*

17 (3) *Chief financial officer.*

18 (4) *Director of risk management and project controls.*

19 (c) *The compensation of the executive director and the*
20 *additional officers authorized by subdivision (b) shall be*
21 *established by the authority, and approved by the Department of*
22 *Personnel Administration, in an amount that is reasonably*
23 *necessary, in the discretion of the authority, to attract and hold a*
24 *person of superior qualifications. The authority shall cause to be*
25 *conducted, through the use of independent outside advisers, a*
26 *salary survey to determine the compensation for the positions*
27 *under this subdivision. The Department of Personnel*
28 *Administration may, in its discretion, accept a previously completed*
29 *salary survey that meets the requirements of this subdivision, and*
30 *shall review the methodology used in the survey. The salary survey*
31 *shall consider both of the following:*

32 (1) *Other state, regional, and local transportation agencies that*
33 *are most comparable to the authority and its responsibilities.*

34 (2) *Other relevant labor pools.*

35 *The compensation set by the authority shall not exceed the*
36 *highest comparable compensation for a position of that type, as*
37 *determined by the salary survey. Based on the salary survey, these*
38 *positions shall be paid a salary established by the authority and*
39 *approved by the Department of Personnel Administration.*

40 (e)

(d) The executive director may, as authorized by the authority, appoint necessary staff to carry out the provisions of this part.

SEC. 2. Section 185032.1 is added to the Public Utilities Code, to read:

185032.1. (a) Commencing March 1, 2012, and biannually thereafter, the authority shall provide a report to the Senate Committee on Transportation and Housing, the Assembly Committee on Transportation, the Senate Committee on Budget and Fiscal Review, and the Assembly Committee on Budget for the development and implementation of intercity high-speed rail service pursuant to Section 185030. Notwithstanding Section 10231.5 of the Government Code, the report shall be submitted biennially.

(b) The report, at a minimum, shall include a programwide summary, as well as details by project segment, with all information necessary to clearly describe the status of the project, including, but not limited to, all of the following:

(1) A summary describing the overall progress of the project.

(2) The baseline budget for all project phase costs, by segment or contract, beginning with the 2009 business plan.

(3) The current and projected budget, by segment or contract, for all project phase costs.

(4) Expenditures to date, by segment or contract, for all project phase costs.

(5) A comparison of the current and projected work schedule and the baseline schedule contained in the 2009 business plan.

(6) A summary of milestones achieved during the prior year and milestones expected to be reached in the coming year.

(7) Any issues identified during the prior year and actions taken to address those issues.

(8) A thorough discussion of various risks to the project and steps taken to mitigate those risks.

SEC. 3. Section 185035 of the Public Utilities Code is amended to read:

185035. (a) The authority shall establish an independent peer review group for the purpose of reviewing the planning, engineering, financing, and other elements of the authority's plans and issuing an analysis of appropriateness and accuracy of the authority's assumptions and an analysis of the viability of the authority's financing plan, including the funding plan for each

1 corridor required pursuant to subdivision ~~(b)~~ (c) of Section 2704.08
2 of the Streets and Highways Code.

3 (b) The peer review group shall include all of the following:

4 (1) Two individuals with experience in the construction or
5 operation of high-speed trains in Europe, Asia, or both, designated
6 by the Treasurer.

7 (2) Two individuals, one with experience in engineering and
8 construction of high-speed trains and one with experience in project
9 finance, designated by the Controller.

10 (3) One representative from a financial services or financial
11 consulting firm who shall not have been a contractor or
12 subcontractor of the authority for the previous three years,
13 designated by the Director of Finance.

14 (4) One representative with experience in environmental
15 planning, designated by the Secretary of Business, Transportation
16 and Housing.

17 (5) Two expert representatives from agencies providing intercity
18 or commuter passenger train services in California, designated by
19 the Secretary of Business, Transportation and Housing.

20 (c) (1) *The initial designations to the peer review group*
21 *described in subdivision (b) shall be made by January 1, 2012.*

22 (2) *The peer review group shall designate a chairperson.*

23 (3) *The authority shall designate a specific member of its staff*
24 *to serve as a liaison to the peer review group.*

25 (d) (1) *Each member of the peer review group shall receive*
26 *compensation of one hundred dollars (\$100) for each day that the*
27 *member is attending to the business of the peer review group, but*
28 *shall not receive more than five hundred dollars (\$500) in any*
29 *calendar month.*

30 (2) *Members of the peer review group shall be reimbursed for*
31 *their actual travel expenses incurred in attending to the business*
32 *of the peer review group.*

33 ~~(e)~~

34 (e) The peer review group shall evaluate the authority's funding
35 plans and prepare its independent judgment as to the feasibility
36 and reasonableness of the plans, appropriateness of assumptions,
37 analyses, and estimates, and any other observations or evaluations
38 it deems necessary.

39 ~~(d)~~

1 (f) The authority shall provide the peer review group any and
2 all information that the peer review group may request to carry
3 out its responsibilities.

4 (e)

5 (g) The peer review group shall report its findings and
6 conclusions to the Legislature no later than 60 days after receiving
7 the plans.

8 ~~SECTION 1.—The High-Speed Rail Authority shall, to the extent~~
9 ~~possible, use the proceed of bonds described in paragraph (1) of~~
10 ~~subdivision (b) of Section 2704.04 of the Streets and Highways~~
11 ~~Code to match federal funds made available from the American~~
12 ~~Recovery and Reinvestment Act of 2009 (Public Law 111-5).~~

13 ~~SEC. 2.—Section 185024 of the Public Utilities Code is amended~~
14 ~~to read:~~

15 ~~185024. (a) The authority shall appoint an executive director,~~
16 ~~who shall serve at the pleasure of the authority, to administer the~~
17 ~~affairs of the authority as directed by the authority.~~

18 ~~(b) The executive director is exempt from civil service and shall~~
19 ~~be paid a salary established by the authority and approved by the~~
20 ~~Department of Personnel Administration.~~

21 ~~(c) The executive director may, as authorized by the authority,~~
22 ~~appoint necessary staff to carry out the provisions of this part.~~

23 ~~(d) The Governor may appoint up to five individuals, exempt~~
24 ~~from civil service, as deputy directors of the authority, who shall~~
25 ~~serve at the pleasure of the executive director.~~

26 ~~SEC. 3:~~

27 *SEC. 4.* This act is an urgency statute necessary for the
28 immediate preservation of the public peace, health, or safety within
29 the meaning of Article IV of the Constitution and shall go into
30 immediate effect. The facts constituting the necessity are:

31 In order to ensure that California may secure the maximum
32 amount of funds available for high-speed rail development and to
33 provide for necessary staff in that regard as quickly as possible, it
34 is necessary that this act take effect immediately.